

Department of Natural Resources and Conservation

Report to the Environmental Quality Council on

SB369 Cabin and Home Site Sales

July 2014

Background:

SB369 passed the Legislature in 2013 with bipartisan support. SB369 enacted a cabin and home site sale program whereby the proceeds of trust land sales would be placed in a special Land Banking account which could only be used to acquire other real property interests that provide equal or better revenue for trust beneficiaries.

Statute requirements:

- Require the sale of cabin and home sites at the request of a lessee or improvements owner, only if approved by the Land Board and the sale is consistent with the Board’s fiduciary duty of attaining full market value.
- The Department is required to on or before July 1 of each year, in consultation with the appropriate stakeholders, report to the environmental quality council by providing a summary of land sales of those lands that were state land cabin or home sites pursuant to 77-2-318 and efforts by the department to comply with the requirements of 77-2-318(1).

Goals of the program:

- Make available for sale cabin and home sites at the request of a lessee or improvements owner, only if approved by the Board and the sale is consistent with fiduciary duty of attaining full market value.
- To maximize the revenue from the sale of these state cabin sites to the beneficiaries, the properties must be sold over a reasonable period of time.
- Improve the investment portfolio of the beneficiaries by purchasing replacement lands that provide better income return, or invest sale funds in the permanent fund.
- Sale of five cabin or home sites by 12/31/14, through a pilot sale program.

Milestones:

- Rulemaking process began in May 2013 by DNRC.
- Met with MT State Leaseholders Assoc. to review draft rules and address questions and concerns, 7/18/13.
- Conducted the rulemaking process.
- Land Board approved Administrative Rules on 12/16/13.
- Administrative Rules became effective on 12/27/13.
- A letter explaining sale program and soliciting interest in 2014 pilot sale program was sent to lessees and improvement owners on 11/29/13. Lessees needed to respond by 12/31/13, indicating they wanted to be considered for the pilot sale program.
- Pilot Sale leases were selected on 2/7/14:
 - Lot 21, Echo Lake
 - Lot 16, Elbow Lake
 - Lot 7, Rogers Lake
 - Lot 13, Morrell Flats
 - Lot 6, Bear Canyon Recreation Area
- Land Board Preliminary Approval to move forward with the sale process for the five pilot sales on 3/18/14.
- Appraisals were conducted. The department’s portion of processing costs for the 5 pilot sales is approximately \$10,000.

Sale	Appraised Value of Land	Appraised Value of Improvements
Lot 21, Echo Lake	\$460,000	\$240,000
Lot 7, Rogers Lake	\$340,000	\$190,000
Lot 16, Elbow Lake	\$150,000	\$45,000
Lot 13, Morrell Flats	\$50,000	\$100,000
Lot 6, Bear Canyon Recreation Area	Appraisal not yet complete	Appraisal not yet complete

- Land Board Set Minimum Bid for the land and maximum value of the improvements for the sales on Echo Lake and Rogers Lake on 6/16/14 at the appraised values.

Cabin & Home Sites – by County

County	# of Sites	# of Acres	2008 DOR Value
Beaverhead	2	2.5	\$55,462
Big Horn	2	5.6	\$31,105
Blaine	3	16.4	\$53,055
Broadwater	2	11.2	\$234,897
Cascade	4	15.1	\$140,832
Chouteau	14	95.4	\$264,223
Custer	1	10.9	\$20,807
Daniels	7	42.4	\$14,810
Dawson	1	6.4	\$5,980
Fallon	4	35.5	\$32,128
Fergus	5	32.1	\$103,619
Flathead	184	315.2	\$37,446,114
Gallatin	15	45.3	\$1,806,615
Golden Valley	2	12.2	\$4,741
Hill	1	15.0	\$32,000
Judith Basin	5	39.5	\$106,735
Lake	38	107.7	\$8,405,515
Lewis & Clark	69	99.4	\$3,342,435
Liberty	1	5.2	\$14,660
Lincoln	14	51.1	\$820,320
McCone	1	15.3	\$5,590
Madison	4	15.8	\$341,886

County	# of Sites	# of Acres	2008 DOR Value
Meagher	1	8.8	\$48,046
Mineral	7	14.4	\$142,896
Missoula	266	527.9	\$21,986,686
Musselshell	6	43.5	\$140,495
Phillips	2	10.2	\$18,210
Pondera	3	17.6	\$46,090
Powder River	2	3.1	\$16,805
Powell	12	18.4	\$714,507
Prairie	3	10.9	\$6,935
Richland	5	61.8	\$56,707
Rosebud	1	1.1	\$8,696
Sanders	66	60.0	\$839,982
Sheridan	6	45.2	\$27,580
Stillwater	2	13.5	\$14,065
Sweet Grass	1	3.5	\$4,943
Toole	1	8.3	\$22,480
Valley	5	37.9	\$41,425
Wheatland	5	34.7	\$36,028
Wibaux	1	1.9	\$779
Yellowstone	4	30.6	\$201,736
Totals	778	1948.2	\$77,361,620

Cabin & Home Sites – by Area Office

DNRC Area Office	# of Sites	# of Acres	2008 DOR Value
Central	34	130.8	\$2,822,414
Eastern	19	146.8	\$154,427
Northeastern	55	381.0	\$702,426
Northwestern	302	534	\$47,551,931
Southern	15	96.6	\$392,344
Southwestern	353	659	\$25,778,078
Totals	778	1,948.2	\$77,361,620

Cabin & Home Sites – by Grant

Grant	# of Sites	# of Acres	2008 DOR Value
MSU - 2nd Grant	209	448.4	\$18,036,412
MSU - Morrill Trust	2	6.0	\$372,260
Common Schools	317	1,039.2	\$26,545,379
Deaf & Blind School	37	63.9	\$1,764,582
Public Buildings	56	137.4	\$2,169,460
Veterans Home	1	16.4	\$35,817
Montana Tech	108	163.2	\$24,695,450
Eastern/Western	12	19.2	\$1,230,165
Pine Hills	35	49.5	\$2,353,195
University of Montana	1	5.0	\$158,900
Totals	778	1,948.2	\$77,361,620